

**OFFICE OF THE COUNTY COMPTROLLER**

**Internal Audit Division**

**Ulster County  
Senior Nutrition Programs  
Congregate Meals  
Home Delivered Meals**

**January 1, 2008 – July 31, 2009**

**Audit Report**

**2009-008**



**Issued: October 30, 2009**

**Elliott Auerbach – Comptroller  
Ulster County**

The mission of the Ulster County Comptroller's Office is to serve as an independent agency of the people and to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.

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# COUNTY OF ULSTER

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**Elliott Auerbach**  
*Comptroller*

**Robert Wenzel**  
*Deputy Comptroller*

October 2009

Dear County Officials:

One of the Office of the County Comptroller's top priorities is to identify areas where Ulster County departments and agencies can improve their operations and services that will assist County officials in making improvements. Further objectives are to develop and promote short-term and long-term strategies to enable and encourage County government officials to reduce costs, improve service delivery and to account for and protect their government's assets.

The reports issued by this Office are an important component in accomplishing these objectives. These reports are expected to be a resource and are designed to identify current emerging fiscally related problems and provide recommendations for improvement. The following is our report on the Ulster County Office for the Aging Senior Nutrition Programs – Cash Receipts and Deposits.

This audit was conducted pursuant to the Comptroller's authority as set forth in Article A9-2(A) and A9-2(G) of the Ulster County Charter. The report contains opportunities for improvement for consideration by the Ulster County Office for the Aging Senior Nutrition Programs.

If we can be of assistance to you, or if you have any questions concerning this report, please feel free to contact us at our office at the back of this report.

Respectfully submitted,

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*Elliott Auerbach*

Elliott Auerbach  
Comptroller

## **Introduction**

### **Background**

In 1965 the United States Congress passed the Older Americans Act (OAA) in response to concern by policymakers about a lack of community social services for older persons. The original legislation established authority for grants to States for community planning and social services, research and development projects, and personnel training in the field of aging. The law also established the Administration on Aging (AoA) to administer the newly created grant programs and to serve as the Federal focal point on matters concerning older persons.

Although older individuals may receive services under many other Federal programs, today the OAA is considered to be the major vehicle for the organization and delivery of social and nutrition services to this group and their caregivers.

In 1970 the New York State was organized and the State and Federal Governments began to distribute funding for the programs with the County Government picking up a proportion share. As a result, the Ulster County Legislature, in cooperation with the State, established the Ulster County Office for the Aging (OFA) in the spring of 1975.

During this period a senior nutrition program known as “Meals on Wheels” was set up for many homebound elderly in Ulster County by the Ulster County Community Action Committee, Inc. (UCCAC), a Kingston-based volunteer organization with experience in food and meal preparation. The program was subsidized by the Ulster County.

The relationship with UCCAC continued through 2001. As of January 1, 2002, the Ulster County Senior Nutrition Program was sub-contracted out to Prestige Services, Incorporated (Vendor), a private food-service firm that also specializes in elderly dining programs at congregate sites. Prestige continues to this day as the only firm under contract to serve the Senior Nutrition Program in Ulster County.

Ulster County’s Senior Nutrition Program (SNP) has four components: Congregate Meals, Home Delivered Meals, Nutrition Counseling, and Nutrition Education. The main purpose of the SNP Home Delivered Meals is to maintain or improve the nutritional health of Ulster County seniors who are homebound and unable to prepare meals, and who are not eligible for the same or similar service from another government program.

To achieve the overall goal of serving all eligible seniors throughout Ulster County, four congregate sites have been setup County-wide in the

Village of Ellenville, the City of Kingston, and the Towns of Rosendale and Saugerties. In addition there are approximately 27 home delivery routes throughout the county. The home delivered meals enable seniors without transportation or who are unable to leave their home to be served as well.

Since Prestige has been the sole source provider to the senior meal programs, we inquired about the Request for Proposal (RFP) process. We found that the most recent RFP combined the Food Service Program for the Ulster County Jail and the Senior Nutrition Programs for the into a single RFP.

As a result of Prestige being sole bidder on the SNP part of the above RFP, they were awarded the 3 year contract at a total cost of \$2,989,662 which includes the \$90,000 portion for home delivered meals assigned by the Ulster County Health Department Long Term Home Health Care (LTHHC) Program.

This audit has been conducted at the request of Anne Cardinale, Director, of the Ulster County Ms. Cardinale was concerned about potential internal control weaknesses in the processes and procedures related to the collection of voluntary contributions for both the Home Delivered Meals and the Congregate Meal programs provided by the Ulster County Senior Nutrition Program. A review of the revenues collected as voluntary contributions for 2008 and through July 2009 were \$74,074 and \$45,502 respectively.

To provide an overview of total meals served for all of Ulster County by The Office for the Aging during the period January 1, 2008 through July 31, 2009, we summarized the actual reports generated by OFA to arrive at meals served and the average cost amounts in the table below.

**Summary of Meals Served and Cost:  
For Period January 1, 2008 to July 31, 2009**

<b>1<sup>st</sup> Meal</b>	<b>Number Served</b>	<b>Total Cost</b>	<b>2<sup>nd</sup> Meal</b>	<b>Number Served</b>	<b>Total Cost</b>
<b>2008</b>	148,223	\$1,003,470	<b>2008</b>	7,451	\$31,294
Avg. Cost per Meal		\$6.77 each			\$4.20 each
<b>2009</b>	85,189	\$595,471	<b>2009</b>	2,200	\$9,350
Avg. Cost per Meal		\$6.99 each			\$4.25 each

**Meal Specifications:**

**1<sup>st</sup> Meal** – Noon Meal: (HOT) – Served in a three compartment microwave – ovenproof individual tray with lids, a squat cup for salad, and dessert. Also includes individual portions of butter, salad dressing and condiments, pepper, ice cream, etc.

**2<sup>nd</sup> Meal** – Dinner Meal: (COLD) – Served in a plastic bag or individual tray or other appropriate packaging. The basic meal is made up of a sandwich, milk, salad, and a piece of fruit.

Note- Total Cost represents actual amounts paid to Prestige less Voluntary Contributions received.

## Objectives

The objective of our audit was to assess the adequacy of internal controls put in place by County officials to safeguard and account for cash receipts and deposits of voluntary contributions collected by Prestige Services, Incorporated delivery drivers and site managers for the Senior Nutrition Programs. For the period January 1, 2008 through July 31, 2009, our audit addressed the following questions:

- Are Prestige's accounting records and internal controls adequate to properly safeguard and account for cash receipts and deposits of voluntary contributions on a daily basis?
- Are procedures followed by delivery drivers and site managers for the collection and recording of voluntary contributions?
- Are monies counted and placed in a secure facility by Prestige's main program manager on a daily basis?
- Are the bank deposits made timely and into a separate bank account? Are they reconciled to the congregate sites and the numerous delivery routes on a daily basis?

## Scope and Methodology

During this audit, we examined cash receipt transactions and deposits for the SNP Congregate Meal and Home Delivered Meal programs, covering the period January 1, 2008 to July 31, 2009. We also evaluated, through the date of our fieldwork (August 17, 2009) the internal controls for the processing of cash receipts and deposits at both the and Prestige. Additionally, we visited each of the congregate meal sites as well as the main kitchen and office facility of Prestige located at 300 Enterprise Drive (Tech City) in the Town of Ulster.

## Audit Results

The Senior Nutrition Programs have weaknesses in its internal control procedures related to the Vendor contract over the voluntary contributions received for the home delivered meals covering the approximately 27 routes currently employed throughout Ulster County. Additionally, no County employee witnesses the counting of those voluntary contributions collected by drivers on a daily basis. All monies collected by the non-County employee drivers for home delivered meals and from the congregate sites are delivered to the Vendor's kitchen site manager. As a result, the County relies solely on the integrity of the Vendor's staff to provide an accurate account of all monies collected

without any attestation by a County employee. The goods and service contract between Ulster County and Prestige directs the Vendor to maintain a separate bank account for all voluntary contributions received and deposited. This has not been done and it is evident that Ulster County deposits and disbursements are being co-mingled with other counties and programs.

An inspection of the locked safe where voluntary contributions are stored until they are deposited, disclosed that it is not anchored nor bolted to the concrete floor to prevent removal from the office facility.

#### **Comments of Agency Officials And Corrective Action**

The results of our audit and recommendations have been discussed with Agency officials and their comments, which appear in Appendix A, have been considered in preparing this report. Except as specified in Appendix A, Agency officials generally agreed with our recommendations and indicated that they planned to take corrective action. Appendix B includes our comment on an issue raised in the agency's response letter.

#### **CONTRACT ANALYSIS**

The current contract for the Senior Nutrition Programs is with Prestige Services, Incorporated and covers a three year period that started on January 1, 2008 and expires on December 31, 2010. During our examination we noted two deficiencies in the contract. The contract included the general terms and conditions, the scope of services, and the responsibilities of each party in general terms. The contract does not mention specific instructions for the following:

- Internal control procedures to properly account for and protect program income collected by the Vendor and verified by the Agency.
- Specific procedures to be used for the collection of voluntary contributions received at the congregate sites and for the home delivered meals.



## **CASH RECEIPTS AND DEPOSITS**

An effective system of internal control consist of policies, practices, and procedures that enable municipal officers to provide reasonable assurance that they are properly accounting for and safeguarding public resources. The system includes such components as adequate management oversight, proper accounting and reporting of cash receipts and deposits, security of monies collected, and appropriate segregation of duties.

During my interview with the Prestige manager it was evident internal controls over voluntary cash contributions for the Home Delivered Meal program are seriously deficient. Additionally, there were some weaknesses in internal controls for the voluntary contributions collected at the congregate meal sites. There were no written policies or procedures governing collection of the voluntary contribution's from the congregate sites, nor for the home delivered meals.

### **Voluntary Contributions at Congregate Sites**

During our examination we visited four of the four congregate meal sites and the Vendor's main kitchen and office facility. At each congregate site the examiner observed the site activities for collecting voluntary contributions and the counting and recording of those amounts after all the meals have been served.

Each site manager prepares and completes a daily site report which provides in detail the number of meals served under the categories of Congregate; Home Delivery; Guest; Staff; and Volunteer. Additionally, the contributions received are posted to the daily site report showing the total amounts by line for congregate and guest collections. This report is signed by the site manger and by a volunteer or the homebound delivery driver as the witness, none of whom are County employees.

The completed daily site report along with the monies counted and the sign-in sheet of those individuals served at each site are placed into a bank zipper bag and handed over to the homebound route driver either on that same day or the following day for delivery to the Ulster SNP manager at the main kitchen facility for processing. As the bank zipper bags are received from the congregate site during the week, the SNP manager in turn places each in a locked safe. The following week when all monies have been recorded on the main in house Prestlge computer system, the contributions become part of the weekly deposit that includes all voluntary contributions collected.

Based on weakness in internal controls over the collection and recording of voluntary contributions at the congregate sites, we traced all of April 2009 transactions from the daily site reports to the monthly summaries and to the bank statement. Although the amounts collected agreed with the amounts deposited, there was a lack of witness signatures on 8 of 22 daily reports for the Saugerties Congregate Site during the month tested. The total amount reported on the 8 daily reports not witnessed was \$125.80 combined.

### **Voluntary Contributions for Home Delivered Meals**

For the voluntary home delivery meal program, the route driver during the early part of each week provides meal recipients with a white money envelope with Prestige Services Inc stamped on it. Contributions for meals are voluntary, but the suggested contribution is \$2.50 per meal or \$12.50 per week. The meal recipients typically turn in their contribution envelopes to the drivers towards the end of each week, either on a Thursday or Friday. The Agency keeps senior citizens up to date on their nutrition programs, along with the ensuing three month menu of food items to be served, in a quarterly newsletter that is sent out to the congregate sites and to the residents of home delivered meals by the individual route drivers. In the newsletter OFA states that the voluntary contributions can be made in the form of cash, checks, and money orders.

The home delivery meal contributions are handled separately from the congregate site contributions. After completing their respected route run, the driver will bring all voluntary contribution envelopes received to the main kitchen and turn them over to the SNP Manager located at Tech City. The manager will then place the envelopes in a bank zipper bag and locks them in the safe located in the office. There is no current log record of monies collected by route drivers. With approximately 27 homebound delivery routes, the individual amounts of monies collected cannot be identified to a specific route. The contract explicitly states "Contributions given to drivers must be turned in to the Vendor and documented daily." As a result, there is no way to verify all monies collected have been accounted for, recorded, and deposited into the designated depository on a timely basis.

The lack of adequate internal controls over cash receipts collected by the drivers creates a flawed environment in which the inherent risk associated with cash transactions is increased. This situation allows errors and irregularities to occur and go undetected and uncorrected.

### **Separate Bank Account**

During our examination we requested copies from the Vendor of the bank statements for the designated bank account in which voluntary contributions are deposited for the period of January 1, 2008 through July 31, 2009. A review of those statements disclosed that the deposits from the Ulster County Senior Nutrition Program were co-mingled with other unknown programs from different sites or counties. This process represents a violation of the written contract between Ulster County Office for the Aging and Prestige Services Inc. The language stated in the contract is as follows: "The VENDOR will establish and maintain a separate bank account for client contributions."

### **Secure Safe at Vendor Location**

During our examination we inspected the location and security of the safe used for storing and securing the daily collection of all voluntary contributions. The safe is locked with a large pad-lock and a key which the SNP Manager at the main kitchen maintains under his control. However, a close inspection of the safe disclosed that it is not anchored or bolted down to the concrete floor nor is it blocked-in where it can not be moved or removed from the facility. With numerous employees and drivers entering and leaving the facility on a daily basis it is vital that the storage of cash receipts be locked properly and secured at all times.

### **RECOMMENDATIONS**

1. The must establish a written set of internal controls that can adequately safeguard and account for all cash receipts and deposits of voluntary contributions and be incorporated into the present conditions as set forward in the contract with Prestige Services, Inc.
2. The SNP Manager should log in separately by route, all voluntary contributions identified by each driver on a daily basis. In the event the agency decides to install a mail in procedures for home bound voluntary contributions the above log could be generated in house.

3. The Office for the Aging should consider the procedure of having all voluntary contributions come directly to their facility on a daily basis. A drop box or a night deposit box can be installed to accommodate this process. Since the agency office is located near the Vendor's main kitchen and office facility this should not pose any significant problems for the drivers on their way back from the various delivery routes and congregate sites. This will enable County employees to count, record, and witness all voluntary contributions before being turned over the Vendor for deposit.
4. A more desirable procedure for home delivery meals would be to draft up a letter for collecting voluntary contributions for home delivered meals. The County would send out a letter suggesting a voluntary contribution for the number of meals served during the month with a return self-addressed stamped envelope. The letter instructs that the resident mail their voluntary contribution to the Office for the Aging.
5. As a less alternative, although not as effective method would be to provide drivers with a light-weight vault box with a slot for the voluntary contributions. This would require the vault to be locked prior to departing for their assigned routes. At the end of their run the vault could be dropped off at the Office for the Aging or brought back to the main kitchen office.
6. The Vendor needs to be directed to set-up to establish and maintain a separate bank account for the client voluntary contributions as required by the signed contract. Presently, the agency cannot identify what deposits belong to Ulster County Office for the Aging as result of being co-mingled with other sites and counties.
7. The Director or designee should establish procedures to monitor and assure compliance with the contract on a quarterly basis.

**APPENDIX A**  
**RESPONSE FROM AGENCY OFFICIALS**

The agency officials' response to this audit can be found on the following pages.



**MICHAEL P. HEIN**  
County Executive

**ULSTER COUNTY  
OFFICE FOR THE AGING**

1003 Development Court  
Kingston, New York 12401

**Anne L. Cardinale, RN, GCNS-BC**  
*Director*

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October 25, 2009

Elliott Auerbach, Comptroller  
Ulster County Comptroller's Office  
PO Box 1800  
Kingston, NY 12401

Dear Comptroller Auerbach,

This letter is to reply to your recent audit findings completed in October 2009 and your corresponding recommendations of the department's Nutrition Program. I would like to thank you and your staff for assisting us in strengthening internal controls related to the collection of voluntary contributions for both the Home Delivered Meals Program and the Congregate Meals provided by this office.

I have attached proposed corrective actions (that will begin January 2010) to the recommendations offered in your report. This will allow us to notify seniors, provide for the receipt of printed envelopes, and notify Prestige staff. It has been a pleasure to work with your office to identify those areas which can improve the overall operation of Ulster County as well as being stewards to the constituents that we serve.

If I can be of any further assistance, please do not hesitate to contact our office.

Respectfully submitted,

Anne Cardinale, RN, GCNS-BC  
Director, Ulster County Office for the Aging

cc: Marshall Beckman, Deputy County Executive

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Ulster County Website: [www.ulstercountyny.gov](http://www.ulstercountyny.gov)

**1 Recommendation No. 1:** "The Office for the Aging must establish a written set of internal controls that can adequately safeguard and account for all cash receipts and deposits of voluntary contributions and be incorporated into the present conditions as set forward in the contract with Prestige Services Inc."

**Corrective Action No. 1:**

See attachment: Internal Controls, Voluntary Contributions Policy.

**2 Recommendation No. 4:** "...draft a letter that requests voluntary contributions are mailed to the Ulster County Office for the Aging."

**Corrective Action No. 4**

To better assure and safeguard the handling of voluntary contributions received from clients of home delivered meals, the UCOFA will now require that a monthly letter (attached) be sent to each client requesting direct mail-in contributions to the Ulster County Office for the Aging.

This measure will direct the flow of donations to the UCOFA for immediate deposit to the appropriate County Account and eliminate Prestige's access to voluntary contributions.

**3 Recommendations No 2, 3, 5 and 6 are not applicable due to the above correction number 4.**

**4 Recommendation No. 7:** "The OFA should establish procedures to monitor and assure compliance with the contract on a quarterly basis."

**Corrective Action No. 7:**

The UCOFA shall monitor and assure compliance with the contract as follows:

Schedule A will be monitored by the Registered Dietician (quarterly) and the Nutrition Coordinator (annually) utilizing the New York State Office for Aging and New York State Health Department regulations.

Schedule B will be monitored by the fiscal department of UCOFA on a monthly basis.

**Ulster County Office for the Aging Policy and Procedure**  
**Internal Controls, Voluntary Contributions.**

**Policy:**

A set of written internal controls will be established that can better safeguard and account for all cash receipts and deposits of voluntary contributions and will amend the current contract with Prestige Services Inc.

**Procedure:**

1. Each meal client (home delivered and nutrition site) will be allowed the opportunity to make a voluntary, confidential contribution toward the cost of their meals.
2. A letter, along with a self addressed, postage paid envelope, will be provided for all home delivered clients, at the end of each month by the Prestige drivers.
3. The home delivered meals contributions will be mailed directly to the UCOFA.
4. Clients who use the nutrition site will have access to self addressed postage paid envelopes that can also be mailed to the UCOFA.
5. Site managers/drivers will be instructed that they can no longer accept voluntary donations from consumers, but must instruct the clients to mail in their contributions with the self addressed, postage paid envelope to the UCOFA.
6. All contributions received by the UCOFA will follow attached fiscal procedures.
7. Contributions will be deposited weekly.
8. The UCOFA shall monitor and assure compliance with the contract as follows:  
Schedule A will be monitored by the Registered Dietician (quarterly) and the Nutrition Coordinator (annually) utilizing the New York State Office for Aging and New York State Health Department regulations.  
Schedule B will be monitored by the fiscal department of UCOFA on a monthly basis.

ORIGINAL APPROVAL	REVIEWED	REVISED
October 23, 2009		



Date:

Dear Meal Recipient,

An important part of the Office for the Aging's funding comes from contributions made by people like you who use our services to help maintain your health and your independence.

The Older American Act offers you the opportunity to donate to this program. A suggested donation for each meal is \$2.50. The donation is confidential and anonymous. The actual cost of each meal is between \$6.50 - \$7.50. The average number of meals you receive each month is 22 (22 meals x \$7 = approximately \$154 per month, which is the cost to the Office for the Aging). Our office has written policies to guard your information and our staff have been trained to respect and protect your privacy.

The drivers will no longer be able to accept your donation. They will be advising that you mail in your contributions (with the self-addressed postage paid envelope) that you will receive at the end of each month. You will never be refused meals, even if you cannot contribute.

Your voluntary contributions will go back into the nutrition program each year. Please make your contributions by check or money order, if possible, payable to Ulster County.

Sincerely,

Anne L. Cardinale, RN, GCNS-BC

## **Fiscal Procedures**

### **Handling Money Received by the Office for the Aging**

1. All mail will be opened by the Receptionist
2. The Receptionist will make copies of the checks that come in the mail.
3. Checks received in the mail, as well as cash received from clients will be kept out of view of anyone that may be at the front desk. Checks and cash will be the responsibility of the receptionist until delivered to Fiscal Office.
4. The Receptionist will tally the checks and enter the total amount on the last page of the copies, additionally she will total cash received for Legal Services, etc. and record those totals separately from the checks. She will sign and date below the total and hand deliver to the Fiscal Office for verification of the amounts. The Fiscal Office will then prepare a "Daily Cash Intake" form and have another employee again verify the amount. They will sign and date the Daily Cash Intake form
5. Bus money handed to Fiscal staff or Director, or Deputy Director if Fiscal staff is not available will be counted by two people at the same time, in the same room and the total amount will be entered on a Daily Cash Intake Form and signed by both parties.
6. At the time the deposit is prepared; the Fiscal Staff will again tally the amounts and prepare a deposit sheet. This is done at least weekly.
7. The original deposit sheet goes to the Finance office and a copy with all intake forms stapled to it stays with in the Fiscal office.

## **APPENDIX B**

### **The Comptroller's Comment on the Agency's Response**

#### **Note 1**

The Agency's response was timely and comprehensive. It addresses to our full satisfaction the deficiencies noted.

#### **Note 2**

It warrants commendation that the Agency director sought an audit of the cash receipts and deposits of the voluntary contributions.